

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF IOWA  
CEDAR RAPIDS DIVISION

In re:  MERCY HOSPITAL, IOWA CITY, IOWA, <i>et al.</i> ,  Debtors	Chapter 11 Case No. 23-00623 (TJC) Jointly Administered  <b>Related to Docket Nos. 58, 323, and 426</b>
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**MCKESSON CORPORATION'S SUPPLEMENTAL RESPONSE TO SALE MOTION**

Secured creditor McKesson Corporation, and its affiliates, ("McKesson") submit the following supplement to its previously filed response and reservation of rights ("McKesson Response") [Docket No. 323] to the *Debtors' Motion for Entry of Order, (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Debtors to Provide Stalking Horse Bid Protections, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving the Assumption and Assignment Procedures, and (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof; (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* [Docket No. 58] (the "Sale Motion") filed by Mercy Hospital, Iowa City, Iowa and its affiliated debtors and debtors-in-possession (collectively, the "Debtors").

McKesson is the senior, secured creditor of Debtor Mercy Services Iowa City, Inc. ("Mercy Services"). Mercy Services owns and operates eighteen (18) primary and specialty medical clinics in the surrounding geographic region, primarily south and east of Iowa City (the "Clinics"). It is undisputed that McKesson holds the only "all asset" perfected security interest against Mercy Services' assets, including the Debtors' account receivables. That security interest secures trade credit for pharmaceutical and medical-surgical goods delivered by McKesson to Mercy Services and the Clinics (together with any post-petition trade credit, the

“McKesson Claim”). According to the Debtors, “substantially all” of Mercy Services’ assets are included in the proposed sale. [Docket No. 441-1, 3] To the extent that the Debtors seek to approve a sale of McKesson’s collateral, free and clear of liens, the McKesson Claim should be paid in full from closing.

McKesson is committed to working with the parties on the prompt resolution of this issue knowing well the importance of the sale process to the parties in the case. McKesson simply asks for proper treatment of its senior secured lien. To the extent that McKesson is unable to resolve this issue prior to the sale hearing, McKesson reserves any, and all, rights, including its right to be heard, at that hearing.

Dated: November 2, 2023

/s/ Nicholas Miller

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ATTORNEYS FOR MCKESSON CORPORATION

**CERTIFICATE OF SERVICE**

I hereby certify that on November 2, 2023, a copy of the foregoing pleading was electronically filed with the Clerk of Court. All parties of record registered with the CM/ECF filing system will receive notification of such filing through CM/ECF.

By: /s/ Nicholas F. Miller